



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo  
 Governor

Ray Tenorio  
 Lieutenant Governor

Paula M. Blas  
 Director

Trustees:

**Joe T. San Agustin**  
 Chairman

**Wilfred P. Leon Guerrero, Ed.D.**  
 Vice-Chairman  
 Investment Committee, Chairman

**Antolina S. Leon Guerrero**  
 Secretary

**Gerard A. Cruz**  
 Treasurer  
 Audit & Operations Committee,  
 Chairman

**Katherine T.E. Taitano**  
 Trustee

**David M. O'Brien**  
 Trustee

**Albert H. Santos**  
 Trustee

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, January 27, 2017, 12:00 Noon  
 Retirement Fund Conference Room

**MINUTES**

**DEFINED CONTRIBUTION**

**I. ATTENDANCE, QUORUM, AND CALL TO ORDER**

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Contribution Plan was called to order at 12:29 p.m. Friday, January 27, 2017, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

**Board of Trustees Present:**

Joe T. San Agustin, Chairman  
 Wilfred P. Leon Guerrero, Vice Chairman  
 Antolina S. Leon Guerrero, Secretary  
 Gerard A. Cruz, Treasurer  
 David M. O'Brien, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Trustee (*Excused*)  
 Albert H. Santos, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary

**Third Party Administrator Present:**

Alice Taijeron and Grace Atalig, Empower Retirement

**Investment Consultant Present:**

Terry Dennison and Cameron Systemans, Mercer Investment Consulting, Inc.

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. December 16, 2016 Regular Meeting**

**Trustee David O'Brien, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the December 16, 2016 Regular Meeting, subject to technical corrections. Without objection, the motion passed.**

## **III. CORRESPONDENCE**

### **A. Letter from Edmund F. Murphy, III - President, Empower Retirement Re: Notification of Leadership Change at Empower Retirement**

Director Paula Blas stated that she received a letter from Edmund Murphy, President of Empower Retirement notifying the Retirement Fund that Mr. Brent Neese and Mr. John Borne are no longer with Empower Retirement. Alice Tajeron of Empower Retirement stated that the current interim Vice President is Robert Dwyer. Ms. Tajeron stated that Mr. Dwyer has been with Empower Retirement for at least 20 years and has worked with our Defined Contribution Plan. Chairman San Agustin noted the change in leadership.

## **IV. INFORMATIONAL ITEMS**

None

## **V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY**

**1. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives*** - Trustee David O'Brien reported that the discussion on the DB 1.75 Plan went fairly smoothly during the Board Working Session. Treasurer Gerard Cruz asked whether the information on the DB 1.75 is ready to be remitted to the Legislature. Secretary Antolina Leon Guerrero stated that the Retirement Fund's Legal Counsel will refine the rules and regulations. Trustee O'Brien stated that they also discussed the actuarial cost. Chairman San Agustin asked whether we could implement the DB 1.75 Plan first then deal with the Government Retirement Security Plan (GRSP) aka Cash Balance Plan later. Trustee O'Brien stated that the DB 1.75 is tied to the GRSP. Secretary Leon Guerrero stated that it will require legislation to change the implementation date since the law says that implementation of the DB 1.75 and the GRSP is January 1, 2018. Treasurer Cruz stated that we could suggest to de-link the DB 1.75 and the GRSP so that the DB 1.75 could go forward.

Secretary Leon Guerrero stated that there are two big gaps on the GRSP that need to be addressed. Trustee O'Brien stated that the hurdles are policy related and funding. Trustee O'Brien pointed out that another issue on the GRSP is that the GRSP members do not have disability benefits. Director Blas mentioned that Senator Mike San Nicolas had an issue with the unfunded liability and he did not see that happening in the GRSP. Treasurer Cruz suggested for an amendment to move the GRSP implementation date to a later date so as not to kill the DB 1.75. Trustee O'Brien stated that Legal Counsel could include that in the legislation. Trustee O'Brien reiterated that the Plan Document for the DB 1.75 Plan is achievable. The GRSP is not achievable without the funding mechanism. Trustee O'Brien informed the Board that another working session is scheduled for next week Friday.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of December 31, 2016 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information.

### **Financial Report**

1. **Contributions** - Director Blas stated that as of January 24, 2017, all agencies are current with their Fiscal Year 2017 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month ended December 31, 2016 is expected to close today.

## **VI. THIRD PARTY ADMINISTRATOR'S REPORT**

### **A. Contribution Report – December 2016**

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement, provided the TPA Report for the month ending December 31, 2016 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron also provided the Plan Review for the 401(a) Plan and the 457 Plan which contains detailed information on plan participation and activity for the period ending December 31, 2016.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$468,454,145.83. There was an increase of \$6,772,418.03 or 1.47%. There was a market increase of 1% from November 2016 to December 2016. The 457 Deferred Compensation Plan had total assets of \$54,137,064.80. There was an increase of \$1,331,409.56 or 2.52%. There was a market increase of 1% from November 2016 to December 2016.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,085,254.32. There was a decrease in contributions of \$856,429.50 or -21.91%. The 457 Deferred Compensation Plan had total contributions of \$669,590.53. There was a decrease in contributions of \$44,645.97 or -6.25%. Ms. Taijeron stated that the 401(a) Plan had 133 employee distributions totaling \$1,528,891.25. The 457 Plan had 26 participant distributions totaling \$150,203.00. Vice Chairman Wilfred Leon Guerrero inquired about the decrease in contributions. Ms. Taijeron stated that it is a timing issue.

Ms. Taijeron stated that Empower Retirement still conducts employee educational meetings and pre-retirement counseling. Treasurer Cruz inquired about Secure Foundation. Ms. Taijeron stated that Secure Foundation is explained at the seminars and the participants are showing interest. Trustee O'Brien commended Ms. Taijeron for the very informative Plan Review that she included in her report.

**Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to accept the Third Party Administrator's Report. Without objection, the motion passed.**

## **VII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended December 31, 2016 was held on January 26, 2017. The Investment Committee Meeting was also held on January 26, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of December 9, 2016.

Vice Chairman Leon Guerrero stated that Terry Dennison of Mercer Investment Consulting, Inc. had given notice of his retirement from Mercer which was effective December 31, 2016. Mr. Dennison stated that Mr. Cameron Systemans will assume his role with the Retirement Fund. Mr. Dennison stated that Mr. Systemans provided an overview of the DC Plan's Investment Performance for the Quarter Ended December 31, 2016. Mr. Dennison stated that during the due diligence meeting they discussed plan performance, the market environment and the likely impact of future investments. Mr. Dennison stated that there are no recommendations for Board action.

Mr. Dennison informed the Board that BlackRock and Vanguard Windsor are being monitored closely due to their performance being a little below standards. Mercer will report back to the Board in April 2017 to see if an actual action is appropriate.

Mr. Dennison also commented on the expenses for Stable Value funds, recalling discussions from last July's due diligence and Board meeting. The expenses are high relative to the median expense ratio, but revenue sharing that helps pay to run the plan is not available in Stable Value funds. Therefore, the Stable Values have a higher expense than other plan options.

At this time Mr. Dennison thanked the Board and Management. The Board applauded Mr. Dennison for his services and wished him well during his retirement.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for April 27, 2017.

**Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to accept the Investment Committee Report. Without objection, the motion passed.**

### **B. Members and Benefits Committee**

This item was covered under the Director's report.

## **VIII. OLD BUSINESS**

None

## **IX. NEW BUSINESS**

None

**X. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XI. ANNOUNCEMENTS**

None

**XII. ADJOURNMENT**

**There being no further business before the Board for the Defined Contribution Plan, Treasurer Gerard Cruz moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:15 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 27, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 24, 2017.**



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**ANTOLINA S. LEON GUERRERO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**